

## 7 Am. Jur. 2d Automobile Insurance § 87

American Jurisprudence, Second Edition | May 2021 Update

### Automobile Insurance

Barbara J. Van Arsdale, J.D.; James Buchwalter, J.D.; Lonnie E. Griffith, Jr., J.D.; Janice Holben, J.D.; Sonja Larsen, J.D.; Anne E. Melley, J.D., LL.M., of the staff of the National Legal Research Group, Inc.; Mary Babb Morris, J.D., of the staff of the National Legal Research Group, Inc.; and Karen L. Schultz, J.D.

### III. Risks and Harms Coverage

#### A. In General

##### 1. Basic Principles

## § 87. Liability of automobile liability insurer as affected by policy and law

[Topic Summary](#) | [Correlation Table](#) | [References](#)

#### West's Key Number Digest

West's Key Number Digest, [Insurance 2649, 2703](#)

#### Treatises and Practice Aids

As to an introduction to automobile liability insurance, see Couch on Insurance 3d, Introduction to Automobile Liability Insurance [Westlaw®(r): Search Query]

The extent of an automobile liability insurer's coverage depends in the first instance on such mandatory statutory provisions as are incorporated into the insurance policy by operation of law and, in the second instance, on the terms of the policy itself.<sup>1</sup> In determining whether insurance coverage is provided by a particular automobile liability insurance policy, careful attention must be given to the type of coverage, the relevant statutory provisions, and the terms of the policy.<sup>2</sup>

An exclusion in an automobile insurance policy excludes coverage under certain delineated circumstances.<sup>3</sup> Exceptions to coverage in an automobile insurance policy are not generally permitted unless expressly allowed by statute.<sup>4</sup> In this regard, restrictions, exclusions, or other clauses that excuse or reduce benefits below the minimum statutorily required levels or types of automobile insurance, and are not expressly authorized by the legislature, are invalid, as are any clauses that are against public policy.<sup>5</sup> However, while public policy prevents an automobile liability insurance policy from containing exclusions not specifically authorized by the legislature, an exclusionary clause is not per se invalid simply because it is not specifically

provided for in a state no-fault act.<sup>6</sup> In cases involving the validity of an automobile policy exclusion, courts should closely scrutinize the facts and circumstances of each case when determining whether persons, uses, or coverages are incidentally excluded under a legitimate and justifiable main purpose.<sup>7</sup>

An automobile insurance policy's territorial limitation, which clearly and unambiguously limits the territory of coverage to the United States, its territories and possessions, Puerto Rico, and Canada, does not violate public policy.<sup>8</sup> Similarly, an automobile accident that occurred approximately 190 miles from the insured's base of operation was not covered under a commercial automobile policy that covered accidents occurring within a 100-mile radius of the base of operations.<sup>9</sup>

The known-loss doctrine precludes coverage for an accident under an automobile insurance policy, even though the policy is reinstated effective earlier on the day of the accident, where the policy had been cancelled for nonpayment of the premium, and the insured calls to reinstate the policy after the accident, but does not inform the insurer of the accident.<sup>10</sup>

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#### Footnotes

- 1 [Tibbetts v. Maine Bonding and Cas. Co.](#), 618 A.2d 731 (Me. 1992).  
The scope of coverage regarding an automobile accident is determined by the state financial responsibility act. [Integral Ins. Co. v. Maersk Container Service Co., Inc.](#), 206 Mich. App. 325, 520 N.W.2d 656 (1994). As to automobile insurance required by statute to be provided or offered, generally, see §§ 21 to 44.
- 2 [Hollar By and Through Hollar v. Hawkins](#), 119 N.C. App. 795, 460 S.E.2d 337 (1995).
- 3 [Montgomery County v. Distel](#), 436 Md. 226, 81 A.3d 397 (2013).
- 4 [Lowing v. Allstate Ins. Co.](#), 176 Ariz. 101, 859 P.2d 724, 78 A.L.R.5th 705 (1993).
- 5 [Sensebe v. Canal Indem. Co.](#), 58 So. 3d 441 (La. 2011); [Montgomery County v. Distel](#), 436 Md. 226, 81 A.3d 397 (2013).
- 6 [Integral Ins. Co. v. Maersk Container Service Co., Inc.](#), 206 Mich. App. 325, 520 N.W.2d 656 (1994).
- 7 [Vieau v. American Family Mut. Ins. Co. and Acuity](#), 2006 WI 31, 289 Wis. 2d 552, 712 N.W.2d 661 (2006).
- 8 [Hall v. Amica Mut. Ins. Co.](#), 538 Pa. 337, 648 A.2d 755, 55 A.L.R.5th 895 (1994).
- 9 [National Cas. Co. v. Gonzalez](#), 637 Fed. Appx. 812 (5th Cir. 2016).
- 10 [Sefcik v. State Farm Fire and Casualty Company](#), 169 F. Supp. 3d 350 (E.D. N.Y. 2016).

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